

SB 1176 Oral Testimony

- PSEG Power CT opposes Senate Bill 1176. This legislation specifically and unfairly targets our coal-fired unit at Bridgeport Harbor Station and the men and women who work at this facility.
- Let's be clear about a couple of very important facts: There seems to be a mythology about the status of coal-fired generation in Connecticut – that there's a fleet of baseload, coal-fired generators reaping huge profits because of how the market is structured. Here's the reality: There is one coal-fired generating unit still operating in this state, our 400-megawatt unit at Bridgeport. The only other coal unit shut down and declared bankruptcy in January.
- It's also important for you to know our coal unit, while it may have been designed as a baseload plant, no longer operates that way. It is an intermediate unit with capacity factors in the 30% range.
- Our employees are certainly aware of this reality. They understand they must contend in a tough, competitive wholesale market, that the recent reduction in wholesale energy prices, while good news for consumers, continues to constrain opportunities for them to operate our plant, and that these difficult market conditions are likely to persist for the foreseeable future. This is the economic reality our employees are doing their best to cope with by finding ways to reduce costs and operate more efficiently.
- So, given this context and these challenges, here's what our employees really don't understand: Why this Legislature seeks to impose on them a tax that adds \$5/mwhr to the cost of the product they make, but would not impact their union colleagues at the gas-fired Bridgeport Energy plant right next door, or any other gas fired facility, even though they are competing in the same wholesale market under the same rules; even though they remain just as committed to being good neighbors, and even though they have worked to make the Bridgeport plant one of the cleanest coal units in the country.
- This legislation also is unfair to the City of Bridgeport, and to a lesser extent, the City of New Haven because it puts at risk the economic benefits we provide these communities in the same manner that it puts at risk the livelihoods of our employees. We are the largest taxpayer in Bridgeport and among the largest in New Haven. Our expenditures for wages, benefits and goods and services purchased locally are approximately \$50-\$60 million a year. The Company and its employees strive to be good neighbors and active,

involved corporate citizens, and contributions to community organizations benefiting residents are approaching \$1 million.

- We have been before this Committee many times and we are very much aware of the concerns, frustrations, and outright antipathy with which some members view FERC and the market rules the Commission administers. However, these are the rules we must follow as market participants. These are the rules that were in place when we purchased and improved the Bridgeport and New Haven Harbor plants. The attempt to circumvent or manipulate how the market operates, as this tax is clearly designed to accomplish, is unfair, bad policy, and frankly, illegal as well as unconstitutional. These points are detailed in our written testimony.
- And the bottom line is that this tax, despite the way it's structured to impose additional costs primarily on nuclear units and the one coal unit left standing without allowing these costs to be reflected in wholesale market rates, will ultimately increase electricity costs to consumers while it puts good jobs at risk. We, therefore, urge the Committee to reject SB-1176. Thank you.